Grants to State Governments

3127. SHRIMATI S.G. INDIRA: Will the Minister of FINANCE be pleased to state:

(a) whether Government propose to make one time grant of five thousand crore to each State considering the financial crunch faced by many State Governments;

(b) if so, the details thereof; and

(c) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) No, Sir.

(b) Does not arise.

(c) To enable States to overcome temporary liquidity problems, Government of India supplement the efforts of the States to mobilize resources, through feasible advance releases of their entitlements of Plan and Non-plan assistance. To address the issue of fiscal consolidation by States, Government of India have created the Fiscal Reform Facility 2000-01 to 2004-05, in accordance with the recommendations of the Eleventh Finance Commission, who were mandated to draw up a monitorable fiscal reform programme and to ^ recommend the release of incentive grants, to progress in implementing the programme. Incentive grants are available under
the Fiscal Reform Facility, for drawal by States who have achieved a minimum benchmark in fiscal improvement under their Medium Term Fiscal Reform Programme evolved by them.